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**Stephan
Spencer**

**Netconcepts:
The 800-Pound
SEO Gorilla**

With a background
in science, Spencer
has engineered
a leading and
growing natural
search firm

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September 2008

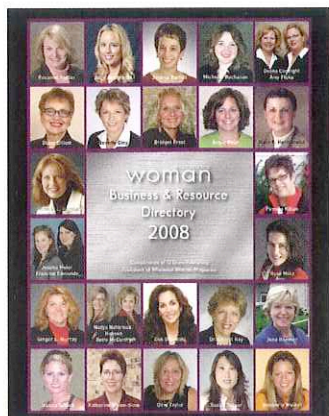


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[SPOTLIGHT]

BusinessWatch: Share with our readers your career trajectory and how Netconcepts came to be.

Stephan Spencer: I was a Ph.D. student in biochemistry at UW-Madison around 1994. I presented a paper at a conference called the Second International Worldwide Web Conference back in '94. I was still a grad student, and I got to meet some of the folks from Netscape there. I had never heard of Netscape; everyone was still using Mosaic at that point in time. And I thought "Wow, there's some real opportunity here, I could make a lot of money." ... I was really inspired and decided to quit my Ph.D. program. I decided to stick out a few extra months and get my master's and started the company in early 1995.

I'm the sole founder. I started the company with no start-up funds or anything, on a shoestring budget. It was a little bit challenging, but I thought, I thrive on challenges and I'm a risk-taker by nature, so what the heck, let's go for it.

In 1999, I had this crazy idea to move to New Zealand, because you could do this Internet thing anywhere. At least that's what everyone said when they heard we were based in Madison, Wis.; I guess they envisioned cornfields or something. Hearing that enough, I thought, well, maybe I could do this from anywhere. And we just decided New Zealand would be a really neat place.

We took a "reckie," as New Zealanders call it, a reconnaissance trip to make sure this is what we wanted to do. This would be a production office for the Madison office. We would have programmers and designers working on projects a block from the beach in New Zealand, working for clients in Wisconsin, the Midwest, the U.S. in general. We would still maintain a U.S. presence in Madison that would do customer service, account management, marketing.

The business has grown to a point where I am just in awe of it. I never thought I could do it on my own and certainly haven't. One of the best pieces of business advice I've received is to surround yourself with really smart people, people smarter than you, and I think I've done a good job of that.

BW: How has the vision changed?

SS: We started as Web developers. We really changed our focus to SEO and online marketing around 2000. We realized that the search engines were like the air supply of online businesses. Take the search engines away, and all the traffic will evaporate, your customer base's gone. So we wanted to be world-class experts of how search engines worked and how to optimize pages, contents, URLs, all technical stuff, all content stuff. And I believe we have achieved that because search engines have even hired us to advise them on SEO. So competitors to Google have hired us to advise them on how to get higher ranks than Google.

BW: Does each search engine have its own architecture or are they similar?

SS: There are a lot of similarities, a lot of best practices that apply to all major engines. But we basically judge ourselves on the success we get with Google, because that really is the 800-pound gorilla. When 80 percent of your traffic probably comes from Google, you have to get that perfect.

The 800-Pound SEO Gorilla

Netconcepts' founder and president Stephan Spencer

Not only can "this Internet thing" be done from anywhere at any time, as Stephan Spencer, founder and president of Netconcepts proved in (temporarily) leaving the fields of Wisconsin for the sand and surf of New Zealand to set up a second shop, but it can be done with little experience. Or at least that was possible 14 years ago. A scientist by trade, Spencer gave up his lab coat, and a possible Ph.D., in 1995 when he saw the writing on the wall: This Internet thing was really going to take off. Today, when he's not advising Google's competitors on how to beat its monstrously popular search engine, he heads up a leading provider of natural search marketing and shows no signs of slowing down.

—Amanda N. Wegner

BW: Netconcepts allows customers to maintain ownership of their sites, essentially freeing them of the traditional "e-binds" other developers impose. Is this important to you and the company?

SS: This really stems from our open source philosophy. It's not about free in terms of not paying for it, it's about free as in open. Information wants to be free, wants to be released and out there in the wild. We're strong proponents and backers of open-source platforms like Linux and open-source Web servers like Apache and open-source programming languages like PHP, Python and Ruby on Rails. We love this stuff. So to think of close sourcing our e-commerce platform and not letting the client have access to it, it would go against our own culture, against our grain. If a client stays with us because they love us, that's fantastic. If they stay with us because it's too painful to move to another provider because

they have to rebuild everything from scratch, that's not the kind of situation we want to have.

BW: Can businesses today afford to not invest in SEO?

SS: Absolutely not. It's like having a business with an unlisted phone number. Can you imagine putting a business out in the market and having no way for them to contact you? That's a good analogy to having a Web site that no one can find. If you spend a dollar on Web development, spend a \$1 on SEO and online marketing at the same time, because one without the other is just pointless.

BW: Generally speaking, do you think that businesses today are savvy in the ways of e-marketing?

SS: They are very much still trying to figure it out. It's so rare that a company has it all to-

gether, particularly a small- and medium-size business. The larger businesses, the Targets and Wal-Marts of the world, a lot of the stuff they do get right, but even in those cases they can get it wrong. So don't beat yourself up if you're a small business and you're making a lot of mistakes here because even the big guys get it wrong, too. But they have a lot more budget, and lot more internal resources and so forth, so sure, they're further ahead with blogging, social media and search engine optimization than the guy with the mom-and-pop business down the road. However, like I say, irregardless of the size of business, [spend] at least as much money on online marketing and SEO as you are on Web development. [If] you have this great Web site but are getting a trickle of traffic to it because you haven't invested in the online marketing of it so, it's



NAME

Stephan Spencer

Recent book:

Freakonomics, The 4-Hour Workweek, Snow Crash.

Something that always makes you laugh:

Any movie with Will Ferrell in it.

Favorite Wisconsin getaway:

Door County

Best-kept secret in Madison:

Ford's Gym

Most important career experience:

Spending nearly eight years in New Zealand and starting a branch office there.

One thing I'll never do again:

Dismiss an employee, for cause, without first attempting progressive discipline.

Best piece of advice from a mentor:

If you want to have a successful business, surround yourself with people who are smarter than you.

Best piece of advice for others:

Focus on building income-generating assets that will make money for you "while you sleep" rather than on earning a living, regardless of how comfortable a living that will be. High-paying jobs simply lull you into complacency, and they won't provide you with a nest egg.



Education: B.S., cellular & molecular biology, University of Michigan; M.S., biochemistry, UW-Madison

Hometown: Toledo, Ohio

Family: Married with three daughters at home and one stepdaughter at college. As an only child, I'm glad to have a full house now.

much better to reallocate your limited marketing dollars so that you're putting as much into the online marketing as you are into creating and maintaining the site.

BW: Many companies are using e-mail and e-newsletters to their advantage, but it seems that blogs, microsites, RSS feeds, etc., are a little behind the times, at least for physical businesses. Do you find this is the case?

SS: Smaller businesses are absolutely slower to adapting them and the reason is, because inevitably, buzzwords get thrown at them and they shut down. They hear the word Twitter or Web 2.0 or RSS feed — I don't understand that, my customers are not that savvy, they don't understand it either — and they basically shut down. But what they don't realize is, for example, most people who subscribe to an RSS feed don't even know what an RSS feed is, most of them don't even *know* they are subscribed to RSS feeds. They've got a My Yahoo! page and say "Oh, I like that," *click*, and they just subscribe to it. Did they know that was an RSS feed they just clicked on? No way. Or they see this subscribe button on a blog, and they say "Oh, yeah. I want that." They click on it and it adds it as a live bookmark, which is an RSS feed in Firefox. So they don't need to know RSS feed. They don't need to know about the plumbing, they just need to know when I turn on the faucet, water comes out. That's cool, I like that. So if you can make a solid business case to a company that if this particular piece of plumbing is going to bring in more customers, why not, absolutely. E-marketing is so much more than e-mail marketing. E-mail marketing is definitely a foundation, but it's only one foundation and things are much more vibrant and moving in area of blog marketing and

RSS feed marketing, because folks are getting tired of spam and unsolicited offers and constant bombardment of e-mail. So e-mail still works. I still advise that you do e-mail marketing, but you don't *just* do e-mail marketing.

BW: What is the future of SEO and e-marketing?

SS: SEO is under huge transition and has been for the last couple years. First of all, we have this thing called universal search, which means that you have vertical search engines like Google News, Google Blog Search, Google Images, Froogle, integrated now into the main Web search. This means if you have a YouTube video, now you have an opportunity for a Top 10 listing in Google. That's very new and it will become more and more important over time as more multimedia and different types of content get integrated into searches. Let's say you have a product for an overheating data center; you have Web servers, machines that will run cooler and will keep the data center cooler. So you could have a video showing these servers in action inside the data center and someone talking through it, and that could rank in the Top 10. You could have Google Images, so image results show up, like product shots. You could have news articles coming from Google News — do search engine-optimized press releases — and get those to rank. You're basically occupying all the shelf space in the Top 10 results by having these different types of content. That's huge and most businesses, I don't think, appreciate that.

BW: How will traditional marketing and e-marketing get along in the future?

SS: If you think about TV advertising and billboards and so forth as broadcast, Internet offers narrow cast; you can do one-to-one marketing. You can reach out to individuals

who match your ideal target in a way that you cannot do with, let's say, a TV ad. For example, I want a certain demographic of people, a certain psychographic profile, all these different bits of information, I want them at a particular stage in the buying cycle. You can define all that, and depending on the particular channel you're using online, you can get all that stuff laser-accurate. ... We can help the company target their market very specifically in ways that they can't with other media.

BW: Do you think traditional marketing will become obsolete?

SS: No, I would say not, but I would say that it is going to become more accountable. It's going have to be. They're going to have to prove the eyeballs and the conversions that happen in ways they have not had to before. For example, they'll help their clients track the response rate. ... Helping the advertiser to make better data-driven decisions is what's going to save those media, those broadcast media.

BW: We talked about the future of SEO and online marketing. What about Netconcepts itself?

SS: I have no idea what it's going to be like in five years. ... There's so much that's going to happen. It's the law of accelerating returns and accelerating change, so things are accelerating, the pace of technology is accelerating. So just imagine the last 100 years of technology innovations, at today's rate of change, will fit into the next 20 years. But because it's continuing to accelerate, it's not going to stay at today's rate of change, it's going to continue to accelerate, so it will fit into the next 12 years. ... So I can't possibly tell you what Netconcepts will be like in 10 years. I'll give you some projections and idea for six, 12 months, that's fine, but five, 10 years, no way, all bets are off.

BW: So let's go six, 12 months.

SS: Our growth projections are that we'll probably be increasing our head count significantly and our revenues have been increasing at 70 or more percent per year.

BW: So things are good here...

SS: Things are good, and things will continue to be good. Lots of free sodas, like Google, but we don't have the Grateful Dead cook coming in and cooking meals. ■

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